

## COLLECTION AND APPLICATION OF CUSTOMS REVENUES

*Convention signed at Santo Domingo February 8, 1907*

*Senate advice and consent to ratification, with amendments, February 25, 1907<sup>1</sup>*

*Ratified by the Dominican Republic June 18, 1907*

*Ratified by the President of the United States, with amendments, June 22, 1907<sup>1</sup>*

*Ratifications exchanged at Washington July 8, 1907*

*Entered into force July 8, 1907*

*Proclaimed by the President of the United States July 25, 1907*

*Terminated October 24, 1925, by convention of December 27, 1924<sup>2</sup>*

38 Stat. 1880; Treaty Series 465

Whereas during disturbed political conditions in the Dominican Republic debts and claims have been created, some by regular and some by revolutionary governments, many of doubtful validity in whole or in part, and amounting in all to over \$30,000,000 nominal or face value;

And Whereas the same conditions have prevented the peaceable and continuous collection and application of National revenues for payment of interest or principal of such debts or for liquidation and settlement of such claims; and the said debts and claims continually increase by accretion of interest and are a grievous burden upon the people of the Dominican Republic and a barrier to their improvement and prosperity;

And Whereas the Dominican Government has now effected a conditional adjustment and settlement of said debts and claims under which all its foreign creditors have agreed to accept about \$12,407,000 for debts and claims amounting to about \$21,184,000 of nominal or face value, and the holders of internal debts or claims of about \$2,028,258 nominal or face value have agreed to accept about \$645,827 therefor, and the remaining holders of

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<sup>1</sup> The U.S. amendments read as follows:

"Article I, after 'shall appoint,' delete 'by and with the advice and consent of the Senate of the United States'.

"Article III, after 'Dominican Government and' delete 'the President of'."

The text printed here is the amended text as proclaimed by the President.

<sup>2</sup> TS 726, *post*, p. 220.

internal debts or claims on the same basis as the assents already given will receive about \$2,400,000 therefor, which sum the Dominican Government has fixed and determined as the amount which it will pay to such remaining internal debt holders; making the total payments under such adjustment and settlement, including interest as adjusted and claims not yet liquidated, amount to not more than about \$17,000,000.

And Whereas a part of such plan of settlement is the issue and sale of bonds of the Dominican Republic to the amount of \$20,000,000 bearing five per cent interest payable in fifty years and redeemable after ten years at 102½ and requiring payment of at least one per cent per annum for amortization, the proceeds of said bonds, together with such funds as are now deposited for the benefit of creditors from customs revenues of the Dominican Republic heretofore received, after payment of the expenses of such adjustment, to be applied first to the payment of said debts and claims as adjusted and second out of the balance remaining to the retirement and extinction of certain concessions and harbor monopolies which are a burden and hindrance to the commerce of the country and third the entire balance still remaining to the construction of certain railroads and bridges and other public improvements necessary to the industrial development of the country;

And Whereas the whole of said plan is conditioned and dependent upon the assistance of the United States in the collection of customs revenues of the Dominican Republic and the application thereof so far as necessary to the interest upon and the amortization and redemption of said bonds, and the Dominican Republic has requested the United States to give and the United States is willing to give such assistance:

The Dominican Government, represented by its Minister of State for Foreign Relations, Emiliano Tejera, and its Minister of State for Finance and Commerce, Federico Velasquez H., and the United States Government, represented by Thomas C. Dawson, Minister Resident and Consul General of the United States to the Dominican Republic, have agreed:

I. That the President of the United States shall appoint,<sup>3</sup> a General Receiver of Dominican Customs, who, with such Assistant Receivers and other employees of the Receivership as shall be appointed by the President of the United States in his discretion, shall collect all the customs duties accruing at the several customs houses of the Dominican Republic until the payment or retirement of any and all bonds issued by the Dominican Government in accordance with the plan and under the limitations as to terms and amounts hereinbefore recited; and said General Receiver shall apply the sums so collected, as follows:

First, to paying the expenses of the receivership; second, to the payment of interest upon said bonds; third, to the payment of the annual sums pro-

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<sup>3</sup> For an amendment to art. I, see footnote 1, p. 196.

vided for amortization of said bonds including interest upon all bonds held in sinking fund; fourth, to the purchase and cancellation or the retirement and cancellation pursuant to the terms thereof of any of said bonds as may be directed by the Dominican Government; fifth, the remainder to be paid to the Dominican Government.

The method of distributing the current collections of revenue in order to accomplish the application thereof as hereinbefore provided shall be as follows:

The expenses of the receivership shall be paid by the Receiver as they arise. The allowances to the General Receiver and his assistants for the expenses of collecting the revenues shall not exceed five per cent unless by agreement between the two Governments.

On the first day of each calendar month the sum of \$100,000 shall be paid over by the Receiver to the Fiscal Agent of the loan, and the remaining collection of the last preceding month shall be paid over to the Dominican Government, or applied to the sinking fund for the purchase or redemption of bonds, as the Dominican Government shall direct.

Provided, that in case the customs revenues collected by the General Receiver shall in any year exceed the sum of \$3,000,000, one half of the surplus above such sum of \$3,000,000 shall be applied to the sinking fund for the redemption of bonds.

II. The Dominican Government will provide by law for the payment of all customs duties to the General Receiver and his assistants, and will give to them all needful aid and assistance and full protection to the extent of its powers. The Government of the United States will give to the General Receiver and his assistants such protection as it may find to be requisite for the performance of their duties.

III. Until the Dominican Republic has paid the whole amount of the bonds of the debt its public debt shall not be increased except by previous agreement between the Dominican Government and the United States.<sup>4</sup> A like agreement shall be necessary to modify the import duties, being an indispensable condition for the modification of such duties that the Dominican Executive demonstrate and that the President of the United States recognize that, on the basis of exportations and importations to the like amount and the like character during the two years preceding that in which it is desired to make such modification, the total net customs receipts would at such altered rates of duties have been for each of such two years in excess of the sum of \$2,000,000 United States gold.

IV. The accounts of the General Receiver shall be rendered monthly to the Contaduria General of the Dominican Republic and to the State Department of the United States and shall be subject to examination and verifica-

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<sup>4</sup> For an amendment to art. III, see footnote 1, p. 196.

tion by the appropriate officers of the Dominican and the United States Governments.

V. This agreement shall take effect after its approval by the Senate of the United States and the Congress of the Dominican Republic.

Done in four originals, two being in the English language, and two in the Spanish, and the representatives of the high contracting parties signing them in the City of Santo Domingo this 8th day of February, in the Year of our Lord 1907.

THOMAS C. DAWSON  
EMILIANO TEJERA  
FEDERICO VELÁSQUEZ H.